



PSC NEWS

Missouri Public Service Commission

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NATURAL GAS RATES TO CHANGE FOR MISSOURI GAS ENERGY CUSTOMERS UNDER SCHEDULED WINTER NATURAL GAS FILING

Jefferson City (October 29, 2002)---Natural gas rates for Missouri Gas Energy (MGE) customers will increase under a scheduled winter season filing reviewed and accepted by the Missouri Public Service Commission. This filing, which reflects estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor as well as any refunds from suppliers, will take effect on November 1, 2002. This increase is on an interim, subject to refund, basis.

The ACA is a mechanism which tracks actual natural gas costs over a 12 month period. It ensures that what the natural gas company pays to its suppliers for natural gas is in fact what it recoups in rates from its customers. The ACA makes adjustments to rates if any over or under collections of natural gas costs occurred at the end of the 12 month period.

A residential customer currently pays \$0.44191 per Ccf (per 100 cubic feet of gas). Under the winter filing, the rate will increase to \$0.54044 per Ccf (per 100 cubic feet of gas), an increase of approximately 9.8 cents per Ccf. **The effect on a typical residential heating customer for the winter season (November to March) is an increase of approximately \$87 or 16 percent when compared to rates currently in effect.**

Approximately 60% to 70% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers for natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply and demand. The Missouri Public Service Commission does have regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

Missouri Gas Energy serves approximately 499,800 natural gas customers in western Missouri.